



Municipality
Siyathemba
Munisipaliteit
Annual Report
2008/09

ANNUAL REPORT 2008-2009-MUNICIPALITY SIYATHEMBA MUNISIPALITEIT

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Mayor's Foreword

I am proud to give this foreword because it is clear since we attained our freedom in 1994 that we have made advances towards "A Better Life for All".

The advances of the previous years, similar to those of the preceding years indicate that while challenges of poverty, underdevelopment & a recession are there, the municipality tries its best to render services to the community. Households are using electricity for lighting, houses have been built, and jobs were created. I admit, although huge strides were made, there are many challenges we face as a municipality. We remain committed towards work with all shareholders, the community at large, NGO's in creating a better life for all.

In terms of Section 46 of the Systems Act, municipalities are legally obliged to prepare an annual report for each financial year. This annual report covers the performance of the municipality for the 2008-2009 financial year.

I must also indicate to the all relevant stakeholders that this is our first attempt to comply with this legislation. The report will cover the, inter alia, the performance of each directorate in the municipality. We want to engage you so that you as the community can bear testimony of the activities of the 2008-2009 financial year.

Through the difficult and trying times, I want to extend my gratitude to the members of the society in all four wards for their unwavering support. Thank you to the Councillors and they must know that to be a leader in local government is not infectious- you must be born with leadership qualities or acquire those qualities.

To the Municipal personnel, thank you for your support and to those who works tirelessly to achieve the best for council.

Enkosi



.....
E. Nell
Mayor

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Statement of the Municipal Manager for the 2008-2009 Financial Year

Siyathemba Municipality is a municipality with lots of challenges. Every year we had to handle problems from political side as well as internal.

Beyond these problems we always strive to the empowerment of our customer care levels. Although we face challenges like vacancies in key positions the existing staff tries their best to be as efficient and effective as possible.

Financially we were under a lot of pressure to secure that payment been made to creditors and supplies although not up to a satisfactory level as it needs to be. Our payment culture due to unemployment is very low. We have strived to a present a realistic budget but once again failed to achieve this objective due to the above mentioned points. Policies were reviewed and new policies were drafted and put in place but due to lack of personnel they were not fully implemented.

The municipality's IDP has been compiled with a strong focus on service delivery, infrastructure development and job creation. An integrated economic development has been developed with the core on mining, agriculture and tourism. We will develop strategies but the challenge remains with implementation and funding.

Our MIG and Housing allocations we spend on infrastructure – sewerage plant and building of 114 houses in Prieska and 43 in Niekerschoop. There are still Backlogs in Marydale, where the buckets system is still in use.

Funding from Department of Environmental affairs and Tourism assist's us in refurbishing parks and roads in all three towns. The development of infrastructure and service is the only manner to attract investments to our area which is rich in nature resources.

Our drive is to develop this municipality to alleviate poverty, LED initiatives, eliminating the backlogs and to put the municipality on a sustainable development path.

Challenges facing Siyathemba Municipality

a) Unemployment

It is not a unique problem in our country, but in Siyathemba Municipality this is one of the main reasons why so many of our debtors are indigents. We commit ourselves to job creation and poverty alleviation.

b) Scarce Skills

This is a critical challenge in our municipality. It is difficult to recruit people in certain specialised areas, mainly because salaries are not competitive with the private sector. The Municipality however, constantly strives to appoint well qualified and experienced people at all times.

c) Unqualified audit report

The aim is to strive towards an unqualified audit report for the 2009/2010 Financial Year by addressing some of the issues raised in the 2008/2009 Audit Report issued by the Auditor-General. The Municipality already drafted an Audit Outcome Recovery Plan to address the shortcomings noted in the audit report.

Legal imperative

In terms of the legal frameworks, the Municipality must, for each financial year prepare an annual report in accordance with Section 46 of the Systems Act of 2000 and Chapter 12 of the Municipal Finance Management Act, no. 56 of 2000.

This report was prepared in pursuance thereof, by incorporating:

- A record of activities during the financial year;
- A record of performance against the budget of the Municipality;
- Accountability to the local communities for decisions made throughout the year;
- Annual Financial Statements;
- Audit Report

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Conclusion

In closing I would like sincerely to express my gratitude to the dedicated staff of Siyathemba Municipality who continues to strive to provide quality services to our communities, notwithstanding the difficulties and challenges they have faced on a daily basis. Without them the achievements noted in this report could not have been achieved.

As a Municipality we were also fortunate to have skilled, dedicated and committed Managers who are doing their outmost best under difficult circumstances to help the workforce to optimise the output.

I must however not forget and acknowledge the support and the commitment displayed by our political leadership throughout the year under review.



.....
H.E.E Nieuwenhuizen
Acting Municipal Manager

Overview of the Municipality

INTRODUCTION

In this chapter we briefly introduce the Siyathemba Municipality and the entire Municipal area. The Siyathemba Municipality is located within the Pixley Ka Seme District area (DC 9). Siyathemba is made up of three entities, namely, Prieska, Marydale and Niekershoop.

a. Prieska

Known to the locals as “the gem of the Northern Cape,” Prieska is the seat of the Municipality and it is situated 240km west of Kimberley on the N10 route and is located on the hills of the Doring Mountain on the south banks of the Orange River, with the following coordinates; Latitude = $22^{\circ}43'02''$ and Longitude = $29^{\circ}39'36''$. It lies about 940km above sea level and is 180km from De Aar, the seat of the Pixley Ka Seme Municipality, and 294 km from Upington. Prieska is also almost in the middle of the Northern Cape Province. It was originally named *Priescab*, a Koranna word meaning “Place of the lost she-goat.”

Prieska, which is known for its semi-precious stones, was founded in 1882 and became a municipality in 1892. It used to be a fording place for travellers. Prieska used to be served by rail via the railway line between De Aar and Namibia and can they put up to light aircraft on their landing strip. Prieska is use to very hot summers and frosty winters with sunny days.



b. Niekershoop

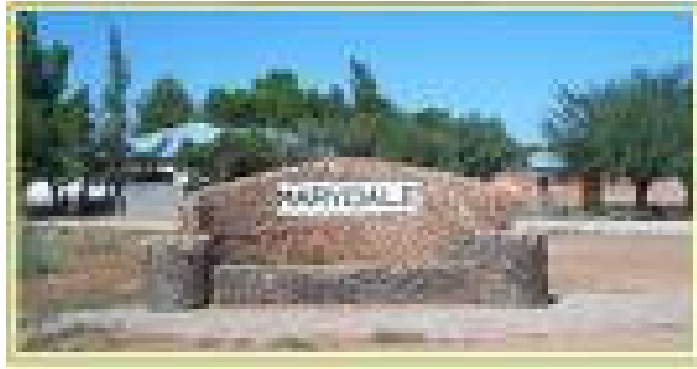
This town is 63km from Prieska on the other side of the Orange River on the route to Griekwastad.



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c. Marydale

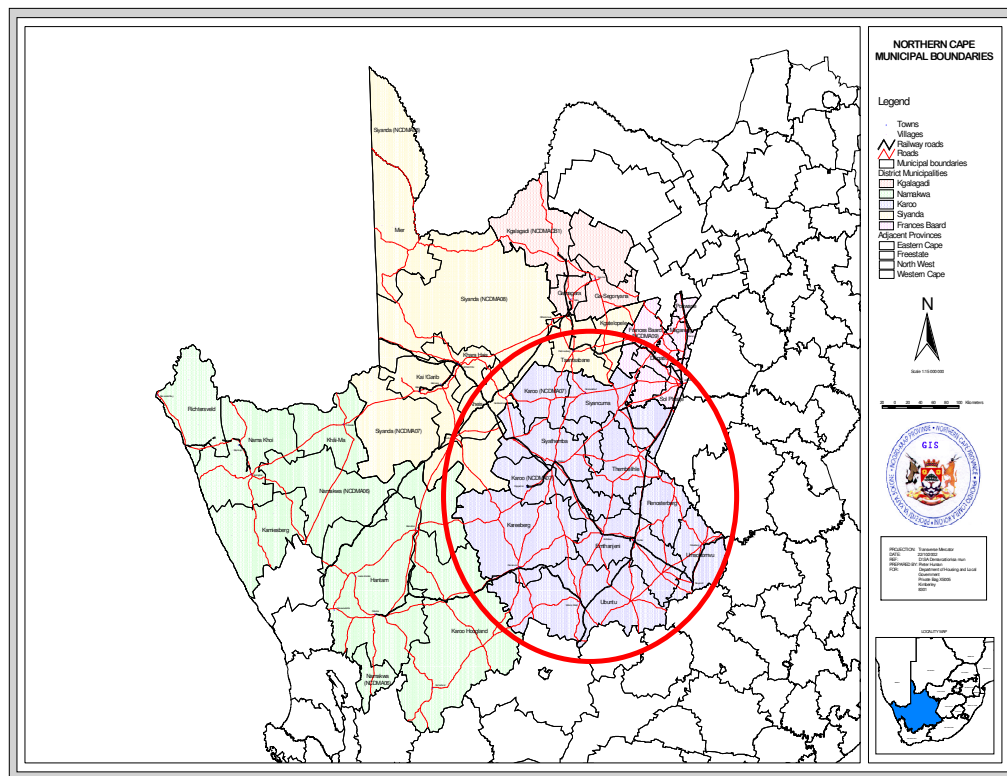
Established in 1903 by the Dutch Reformed Church, Marydale was named after the wife of Mr. G. P. Snyman, owner of the farm Kalkput on which the town was laid out. Snyman donated the farm and Marydale was subsequently founded as a church town. This town is approximately 70km northwest of Prieska and about 20km from the Orange River. Marydale is 175km from Upington and is mainly dependent on farming, agriculture and a rich underground water source that serves the town by means of boreholes and wind pumps.



District Setting

Siyathemba Municipality is part of the Pixley Ka Seme District in the Northern Cape Province in South Africa. The district area is located in the centre of the country and the 6 national route traverses the area. Traffic flows through the Pixley Ka Seme Region linking the major industrial areas of the country. The area has a low rainfall while the largest river in South Africa flows through it. Three of the major dams in South Africa are situated on the borders of the Karoo

The Pixley Ka Seme District covers an area of 8 251 square kilometres as shown in table 2, with rainfall mainly in the summer months and relatively low. As a result of the scarcity of rainfall, with the exception of the small stock farming, all economic activities in the region are concentrated around the Orange River.



Pixley Ka Seme District Municipal Area

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The Local Municipal Setting

The area consists of three towns, of which Prieska serve as the seat of the Municipality. Siyathemba Municipality has eight Councillors elected to the Council indirectly and on a proportional basis. The Municipal Council has a Mayor who serves as the Speaker and seven members.

Mayor & Ward Counsellor	- Nell E.	ANC
Ward Counsellors	- Faro A.	ANC
Ward Counsellors	- Gous J.	ANC
Ward Counsellors	- Barends S.	ANC
Counsellors	- Mackay G. P.	DA
Counsellors	- Burger N.	DA
Counsellors	- Phillips J. N.	DA
Counsellors	- Jola K. A.	ANC

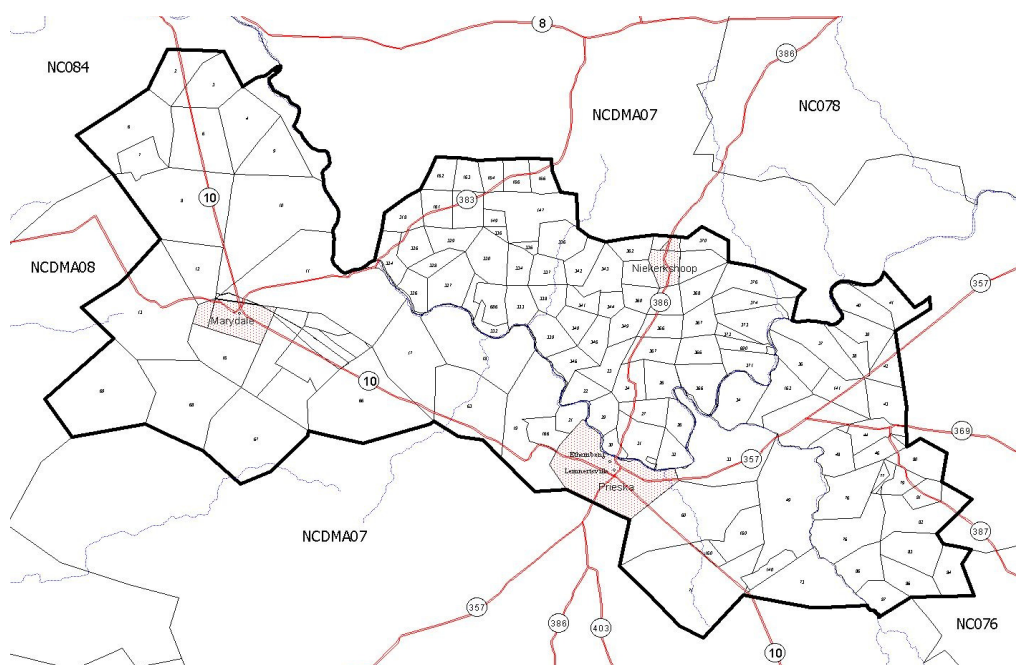


Table: 1 - Local Municipality Structure

Local Municipality	Components	Councillors	System	Wards
Siyathemba	Prieska	4	Plenary executive system	4
	Marydale	2	Combined with a ward	
	Niekershoop	2	participatory system.	

Source: Municipal Structures Act 1998.

Table 2: Land Cover by Local Municipalities

Municipality	Area (Km ²)	% Of Total
Siyathemba	8 251	8

Source: Municipal Profiles 2002

Background of Municipal Area

Agriculture

Wheat maize and Lucerne are very important crops but the possibility exists that there can be a shift to alternative high value crops. As stated small stock farming is one of the attributes of the Region and therefore the Region has a strong history of wool farming and this can benefit farm diversification into more lucrative ventures, like cashmere production.

⇒ Stock farming



Stock farming takes place throughout the whole region and is mainly focussed on small stock, consisting of sheep and goats. The sheep farming produces mutton and wool. There are several abattoirs in the region with the largest located in the Emthanjeni municipal area with a capacity of 2000 sheep slaughtered per day.

The huge potential for the region lies in adding value to the products within the area. At present products are leaving the areas in unprocessed form.

The area also produces large quantities of wool that is processed in the Eastern Cape. The area is the largest wool-producing region in South Africa and again offers the potential of benefaction within the region.

⇒ Irrigation



The Orange River and the Vaal River run through the region and irrigation farming is confined to outlying the areas where irrigation farming is practised along these rivers.

Irrigation farming forms a large part of the agricultural activities in the region and numerous products are cultivated along the rivers:

1. Maize
2. Peanuts
3. Lucerne
4. Grapes
5. Dry Beans
6. Soya Beans
7. Potatoes
8. Olives
9. Pop Corn
10. Pecan Nuts
11. Pistachio Nuts
12. Cotton

These products also leave the area in the raw and there is potential for benefaction within the Karoo District. Products produced under the climatic conditions in the region are considered as some of the healthiest available.

Industry



Industries in the area are mostly confined to light industries. The rivers provide a constant supply of water in certain parts of the region, which at least offer the potential of using the products produced in the area as a basis for benefaction.

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The District, in the Centre of South Africa, is blessed with a well looked after road and rail network where 4 of the major roads are national routes.

The N1 and N12 routes link the two main economic centres, i.e., Gauteng and the Western Cape and both these routes carry thousands of tons of valuable goods and material every day to all parts of the country.

The N9 and N10 routes link Namibia and Gauteng with the coastline of Port Elizabeth, which is also the nearest export harbour for the Karoo District.

The rail network around De Aar and Noupoot is one of the largest in South Africa and no fewer than 30 trains pass through the De Aar station daily in both directions; to and from the main economic centres in South Africa.

On average 9 freight trains between Gauteng and the Western Cape pass through the station at De Aar every day, 4 to Port Elizabeth, 2 to Namibia and 10 from De Aar to Kimberley. The station at De Aar has direct or indirect links to virtually every corner of South Africa.

An average of 1 000 000 tons are conveyed through this station every month and the capacity exists to increase this tonnage with ease.

ESKOM, the country's largest supplier of electricity, has a major presence in the Karoo as its regional Office is situated in Colesberg, with a presence in nearly every town in the Karoo.

One of ESKOM's largest sub-stations – Hydra – is located near De Aar, supplying high voltage power especially to the Western Cape and the rural areas.

Electricity

This electricity is mainly generated in the Northern Areas of the country and distributed to the surrounding smaller towns of the southern regions via the central corridor. Spoornet's power lines also originate at Hydra. Twenty-three trained personnel staff the station.

The Vanderkloof Dam is used by ESKOM to generate peak demand electricity. The 112m high dam wall houses two 120-megawatt generators, which supply peak demand. Power is generated by turbine engines with an outflow of 150 cubic metres of water per second, into the second largest dam in South Africa.

Vision

Siyathemba undertakes to improve the standard of living of its entire community by delivering visible and affordable services.

Mission

To be a developmental municipality, which has the interest of its communities at the centre of all its activities.

This will be done through:

- *an optimal distribution of resources*
- *economic development through job creation and a poverty reduction strategies*
- *effective and efficient service delivery through optimal distribution and human resources development; and*
- *effective and efficient maintenance of equipment and buildings*

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Financial Viability Report
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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

1) Review of operating results

The overall operating results for the year ending 30 June 2009 as well as the comparison with the budgeted figures and the actual results of 2008 are reflected in the following table:

DESCRIPTION	ACTUAL 2009	BUDGET 2009	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2008
TOTAL INCOME	33 755 793	33 400 466	355 327	0.01	31 755 411
TOTAL EXPENDITURE	38 066 009	31 712 116	6 353 893	0.2	42 316 137
NET SURPLUS/(DEFICIT) FOR THE YEAR	(4 310 216)	1 688 350	6 709 220	3.97	

2) Operating income Income per category

INCOME	ACTUAL 2009	BUDGET 2009	VARIANCE 2009	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2008
Property Rates	4 635 394	4 787 181	(151 787)	-0.03	3 974 855
Property Rates – Penalties imposed and collection charges	-	-	-	-	91 189
Service charges	15 948 134	15 412 471	535 663	0.03	13 402 651
Rental of facilities	714 622	472 000	242 622	0.51	435 826
Interest earned – external investment	211 717	165 000	46 717	0.28	147 958
Interest earned – outstanding debtors	641 613	550 000	91 613	0.17	497 817
Fines	86 395	75 600	10 795	0.14	60 620
Licenses/permits	-	-	-	-	751 347
Government grants and subsidies	11 013 927	11 029 262	(15 335)	0	12 242 992
Other Income	473 443	223 702	249 741	1.12	150 156
Public contributions	-	-	-	-	-
Income from agency services	481 097	685 250	(204 153)	-0.3	-
TOTAL	33 961 842	33 400 466	561 376	0.02	31 755 411

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3) Operating expenditure - Expenditure per category

EXPENDITURE	ACTUAL 2009	BUDGET 2009	VARIANCE 2009	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2008
Executive & Council	6 544 441	2 284 536	4 259 905	1.86	2 176 923
Finance and Admin	10 565 080	8 377 048	2 188 032	0.26	10 491 695
Planning & Development	4 025 487	4 882 681	(857 194)	-0.18	7 018 214
Community & Social Services	810 596	349 303	461 293	1.32	448 687
Housing	16 671	-	16 671	0	-
Public Safety	1 550 280	105 210	1 445 070	13.74	1 130 454
Sport & Recreation	771 458	955 284	(183 826)	-0.19	801 265
Environmental Protection	1 999 501	2 541 503	(542 002)	-0.21	-
Waste Management	3 462 429	3 497 652	(35 223)	-0.01	8 606 793
Water	2 968 161	3 446 055	(477 894)	-0.14	6 842 747
Electricity	5 351 905	5 272 844	79 061	0.01	4 799 360
TOTAL	38066009	31712116	6 353 893	0.2	4216137

4) Municipal debt

External Loans

LONG-TERM LOANS	Loan Number	Redeemable	Balance at 01/07/08	Received during the period	Redeemed written off during the period	Balance at 30/06/09
Loan @ 10%- DBSA Purchase of vehicles	25845	2009/06/30	841,983	-	617,482	224,501
Loan @ 10%-ABSA Bank - Resurfacing of roads	3009634209	2009/11/19	377,165	-	257,504	119,661
Loan @ 12.00%-ABSA Bank - Upgrading Electricity	3010141463	2010/04/30	245,908	-	126,098	119,810
Total long-term loans			1,465,056	-	1,001,084	463,972

The loan of DBSA was redeemed in July 2009 and the loan for the resurfacing of roads was redeemed in November 2009. The loan for the upgrading of electricity will be redeemed at the end of April 2010.

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5) Analysis of property plant and equipment

	Cost				Accumulated Depreciation				Carrying
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	Value
Property, Plant & Equipment									
Infrastructure Assets	124,435,821	0	0	124,435,821	3,673,064	3,751,278	0	7,424,342	117,011,479
Community Assets	4,457,248	0	0	4,457,248	202,928	202,928	0	405,856	4,051,392
Other Assets	25,844,200	107,832	0	25,952,032	627,514	643,771	0	1,271,285	24,680,747
Total	154,737,269	107,832	0	154,845,101	4,503,506	4,597,977	0	9,101,483	145,743,618

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6) Consumer debtors

Summary of Debtors by Customer Classification 30 June 2009	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	963 962	68 496	286 157
31 - 60 Days	438 313	52 116	64 051
61 - 90 Days	440 639	9 496	14 996
91 - 120 Days	366 178	5 197	11 016
121 - 365 Days	416 253	10 650	11 253
+ 365 Days	12 652 668	110 809	159 785
Sub-total	15 278 013	256 764	547 258
Less: Provision for bad debts	12 348 641	207 533	442 328
Total debtors by customer classification	2 929 372	49 231	104 930

Summary of Debtors by Customer Classification 30 June 2008	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	741 067	249 423	52 998
31 - 60 Days	377 025	(4 458)	(966)
61 - 90 Days	361 626	13 274	(9 439)
91 - 120 Days	334 021	(2 270)	16 877
121 - 365 Days	9 936 109	168 796	182 385
+ 365 Days	-	-	-
Sub-total	11 749 848	424 765	241 855
Less: Provision for bad debts	10 634 211	166 527	199 262
Total debtors by customer classification	1 115 637	258 238	42 593

Reconciliation of the bad debt provision

Balance at beginning of the year	11 000 000	4 000 000
Contributions to provision	2 000 000	7 009 065
Bad debts written off	1 499	9 065
Reversal of provision	-	-
Balance at end of year	12 998 501	11 000 000

7) Current account (Primary bank account)

	2009	2008
ABSA Bank - Public Sector Northern Cape – Brandwag, Bloemfontein Account number: 4053552997		
Cash book balance at beginning of year - (overdrawn)	(2 713 182)	1 864 339
Cash book balance at end of year - (overdrawn)	<u>968 704</u>	<u>(2 713 182)</u>
Bank statement balance at beginning of year - (overdrawn)	(2 713 155)	1 859 616
Bank statement balance at end of year - (overdrawn)	<u>954 327</u>	<u>(2 713 155)</u>

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Internal Audit Committee Report
2008/09

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Executive Summary

The Audit Committee was appointed by Council in terms of Section 166 of the Municipal Financial Management Act, Act 56 of 2003. The Audit Committee was mandated, by means of an Audit Committee Charter, to execute responsibilities. The charter was approved by the Mayor, the Municipal Manager and the Audit Committee members.

The following members serve on the Audit Committee:

Ms G Goci	Chairperson
Ms C Penderis	Member
Mr M van der Westhuizen	Member
Ms A Viljoen	Member

The members of the Audit Committee are in the Siyathemba Municipality Area and written declarations of interest have been obtained to prove their independence.

Audit Committee Responsibility:

The Audit Committee reports that it has complied, as far as possible, with its responsibility arising from Section 166(2) of the MFMA. Their responsibility includes the following:

Advise the Municipal Council, the Political Office-bearers, the Accounting Officer and the Management Staff on the matters relating to:

- Internal financial control, and Internal Audits
- Accounting Policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance Management System
- Effective governance
- Compliance with information
- Risk Management
- Any other issues referred to it by the Municipality.

The internal audit committee issued Internal Audit Reports to the Committee regarding the abovementioned components. Findings which were not resolved by Management were brought to the attention of the Committee. Recommendations made by the Audit Committee were implemented and reviewed by the Internal Audit Unit during follow-up procedures.

Review of the Annual Financial Statements to provide the Council with an authoritative and credible view of the financial position of the Municipality and its overall level of compliance with legislation.

Respond to council on any issues raised by the Auditor-General in the Audit Report.

Carry out any investigation into the financial affairs of the Municipality, as may be requested. The audit committee did not receive any requests for special investigations from the municipality.

Risk Management

The municipality is in the process of developing a Risk Management Strategy this strategy is the foundation for a continuous risk assessment process and for managing and monitoring risk on an ongoing basis. A Risk Management Policy will also be approved by council to ensure that Risk Management receives the necessary attention it deserves.

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Meetings

The following meeting were held by the Audit Committee and these were the attendees:

INTERNAL AUDIT MEETINGS HELD

QUARTER 3

DATE	ATTENDEES
13 February 2009	Ms G Goci
	Ms C Penderis
	Mr ME v/d Westhuizen

QUARTER 2

DATE	ATTENDEES
13 March 2009	Ms G Goci
	Ms C Penderis
	Mr ME v/d Westhuizen

QUARTER 1

DATE	ATTENDEES
12 September 2008	Ms G Goci
	Ms A Viljoen
	Ms C Penderis
	Mr M v/d Westhuizen

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Infrastructure and Housing Services
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The main function of the Department is the maintenance of existing and provision of new infrastructure services and community facilities. This department is also responsible for the wiping out of backlogs.

The Infrastructure Department contribute to various achievements during the past year.

- The cleaning of storm water drainage channels in Rooiblok and E'thembeni in Prieska.
- Building of 2 houses for 2 women: 16 Days of activism against women and children.
- Building of 43 houses in Marydale
- The construction of tarred roads in Prieska (MIG) Project.
- The upgrading of waste water treatment works in Prieska (MIG)
- Operation and Maintenance in water and sewerage department to the amount of R 1,1 million
- Assistance to 4 home owners to better their lives with the repair of toilets.

The infrastructure department include the following sections:

- Cemeteries
- Parks and Recreation
- Refuse removal
- Sewerage and sanitation
- Electricity
- Water
- Roads and storm water
- Municipal infrastructure and buildings
- IDP and LED unit

The staff establishment is currently facing the shortage of personnel. Vacancies are being advertised and are to be filled in the next financial year.

The staff establishment of the various sections are set out below:

Infrastructure manager	1
Assistant Manager Infrastructure & LED/IDP unit	1
Water	11
Electricity	6
Sewerage and sanitation	20
Refuse and parks	25
Roads and storm water	23
Total	87

New infrastructure

During the past financial year the Waste Water treatment plant upgrading in Prieska was completed. This was a MIG funded project that goes over 3 financial years to a total amount of R 10, 1 million.

During this financial year we have start to upgrade gravel roads with tarred roads with a contract value of R 5, 44 million. This project is also a MIG funded project.

Another project of the Department of Roads, Public works and Transport has also started and must still be completed. This project is also the upgrading of gravel roads to tarred roads value to the amount of R 8 million.

Job creation projects

During this financial year a project was completed with funds from the Department of Housing and Local Government to the amount of R 750 000. This was a labour intensive project and provides temporary jobs to people. The project was the cleaning of storm water channels and areas where storm water is a big problem.

The Department of Environmental affairs and Tourism has also launched a project for the laying of kerbing to protect the tarred roads edges. This project also provides temporary jobs to people. The project also develops playgrounds in Prieska, Marydale and Niekerkshoop.

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Town planning and building control

The staff involved in Town Planning and building control provides information to other departments as well as Consulting Engineers and Consultants regarding proposed developments and land transformation on a continuous bases. During this year a total of 32 building plans for the estimated value of R 6 042 500 was approved.

Water services

Currently we receive our bulk supply of water to Prieska from the Orange River, which is a reliable source for continuous water extraction to provide Prieska with enough water.

The Water Treatment works in Prieska has a capacity of 15 mega litres per day but currently we run at 4-5 mega litres per day. The water treatment works also provide purified water to Alkantpan testing range about 70 km from Prieska.

During the past financial year the Department of Water Affairs provide O & M funds to the municipalities to the amount of R 1, 1 million. This funds was use to upgrade the settling tanks, pumps and electrical motors at Prieska water treatment works. A master plan for the water supply in Prieska was also compiled, that can be utilized for future development.

For water supply for Marydale and Niekerkshoop we are reliant on ground water that comes from boreholes:

Marydale	-	7
Niekerkshoop	-	6

Spare pumps and motors are available in stock to provide continuous water to the towns. Water service provides a standby service on a full time basis.

Continuous operation and maintenance take place on water meters as well as on the water supply network.

Sewerage & Sanitation

A full water borne sewerage system is in operation in Prieska. The sewerage pumps stations are cleaned on a daily basis. The amounts of sewerage pump stations are 3. In every pump station there are 2 submersible pumps. The sewerage treatment works was upgraded and the capacity is enough for future development for about 15 years.

During the past financial year we have 2 main pipes burst on the main pump line to the waste water treatment works. This was also repaired in 1 day.

The industrial area in Prieska is serviced by Septic tanks and this must be emptied by means of a vacuum tanker.

In Marydale and Niekerkshoop the sanitation and sewerage services are mainly VIP and Septic tanks. In Marydale we also have about 122 buckets left due to the fact that a Housing Project cannot be completed as well as the collapse of VIP toilets. The service in Marydale and Niekerkshoop are supplied by a tractor with a vacuum tank wagon in each town.

Sewerage blockage in Prieska is handled in a quick manner to prevent sewerage spills in the streets, etc. Sewerage services provided a standby service on a full time basis.

Refuse removal

This service is provided to all residents on a weekly basis. In Prieska part of the town it is done by means of block refuse bags. In the other areas and in Marydale and Niekerkshoop people put out the refuse bins from where it is emptied onto a truck and /or wagon. In every town there are a landfill sites where the refuse are been dumped. Problems occur on these sites with illegal people on the sites in order to collect bottles, etc.

Ways and means should still be put in place to stop this illegal dump and collection of refuse.

Cemeteries

The council has 4 cemeteries where burials take place. Sustained efforts are made to keep premises neat and tidy. An application for funding at MIG was already done in order to develop new cemeteries in Prieska, Marydale and Niekerkshoop.

Streets and public works

Gravel roads are graded regularly. Some of the roads need to be resurfaced but due to the fact that the front end loader and roller are out of order this work cannot started. The vehicles are old and repair costs are high. Spares are also not available.

Tarred streets are in urgent need of resealing and problems are experienced with potholes, especially after rain. During the past year potholes were repaired on a regular basis.

Airfield

The airfield in Prieska is graded regularly and the civil aviation authority do inspections on a yearly basis in order to keep it registered.

Commonage

The municipal commonage cover an area of 33 000 ha. The Commonage is currently used mainly by emerging farmers. Problems with the theft of fences and other infrastructure occurred.

Electrical services

Electrical services are done by the municipality in a part of Prieska. This is the smallest section in the infrastructure department and the staff establishment are currently 6 employees. Due to lack of funds it is difficult upgrading the old network in 2 areas in Prieska.

The biggest part of Prieska, as well as the whole of Marydale and Niekerkshoop are been supplied by ESKOM direct to the customers.

Apart from meter inspections and new installations, maintenance work done relate to complaints received or faults which occur.

Maintenance work includes the following:

Maintenance of high and low voltage networks, streets lights, erven connections and electrical equipment at the municipal installations and buildings such as waterworks, sewerage pump stations, waste water treatment works offices and community halls.

An electrical service provides a stand by service on a full time basis in order to react speedily to complaints and limit power failure to a minimum.

Municipality
Siyathemba
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Municipal Transformation
&
Organisational Development
2008/09

ANNUAL REPORT 2008-2009-MUNICIPALITY SIYATHEMBA MUNISIPALITEIT

Introduction

The Corporate Services Directorate derives its mandate from Council's Key development objective i.e. institutional development, the IDP. It therefore means it is largely an internally focussed directorate with the primary aim to recruit employees and the development and enhancement of efficient administration systems. The strategic challenge for the municipality is to find better ways in delivery services to the Siyathemba Community in a holistic and integrated manner. It is therefore this Directorate's responsibility to ensure that the organisation is aligned to advance on the key objectives of the municipality by addressing human resource related issues and to amplify technological applications in the organisation.

Administration Services

As the administrative arm of Municipality, this Section renders administrative support services to Council and its political structures. The political structures comprise the Executive Committee and Portfolio Committees, as well as ad hoc committees. The administrative support services entail the preparation of Council agendas and minutes, as well as facilitating communication between Council and the various directorates, to facilitate the implementation of political decisions.

Record Division

The records division is entrusted with the core responsibility of managing the Municipality's official records by means of achieving the records, disposing of certain of those records and the transfer of records to the Provincial Archives. In general, this division manages access to records and also serves as a centre for the receipt, distribution and dispatch of correspondence to and from the public, as well as to Councillors.

Human Resources





Siyathemba Municipal area has a significant unemployment figure. The recruitment and appointment process attempts to appoint local inhabitants of Siyathemba, first and foremost. However, the process does identify scarce skills, i.e. electricians, engineers, etc. and therefore recruits much wider. The HR section of Corporate Services consists of Training, Personnel administration, labour relations and Performance Management.

Library

The Library Services renders an important educational service to the Siyathemba Community. The aim of the service is to take the libraries to the people. The main aim of the Siyathemba Library Service is to render an effective and efficient service to the community of Siyathemba. The Library provides information and recreational services to adults, learners and students. This section creates a culture of reading through educational programmes. We are also involved with Provincial Library Services in a Library Development Programme where we address the needs of Libraries through Financial Allocation from Provincial Administration.

Traffic

This section consists of the following sub-sections:

-  Registration and Licensing
-  Traffic Law Enforcement
-  Municipal Law Enforcement
-  Administration

The main aim of Traffic Services is to ensure a safe traffic environment for road users within the boundaries of Siyathemba, secondly, to serve as an agent for Provincial Administration, i.e. Registrations.

Integrated Development Plan

The Integrated Development Plan is a five year strategic development tool which guides planning, budgeting, implementation and annual review of performance, the purpose is to identify priority issues in conjunction with the communities, and allow us to apply the municipality's resources optimally.

ANNUAL REPORT 2008-2009-MUNICIPALITY SIYATHEMBA MUNISIPALITEIT

The IDP guides the decision making of the municipality. The plan is developed in terms of the Municipal Systems Act, 32 of 2000 and its regulations. Chapter 4 of the Municipal Finance Management Act provides that the mayor should develop a budget programme to ensure community participation in the review for 2008-2009. The communities were consulted with regard to their needs and aspirations. This was done in line with the process plan as adopted.

The annual review of the IDP was adopted and implemented. All challenges were carried forward to the following year. The municipality is ensuring that we improve annually on service delivery and it is reflected in the IDP.

Website Upgrade

The Municipality started to upgrade the website. We have transferred the domain and this was done to improve the system. It is already running and we should now ensure that we task an official to maintain the website. This is necessary based on the fact that legislation requires that a number of policies, reports and documents must be reflected in the website. The address for the website is www.siyathemba.gov.za

Municipality
Siyathemba
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Audited Annual Financial Statements
2008/09

SIYATHEMBA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2009

**SIYATHEMBA LOCAL MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2009**

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**SIYATHEMBA LOCAL MUNICIPALITY
GENERAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2009**

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GENERAL INFORMATION

Grading of the Municipality	Medium Capacity
Registered address	Victoria Street Prieska 8940
Postal address	P. O. Box 16 Prieska 8940
Auditors	The Auditor - General
Bankers	ABSA Bank

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on page 3 to 35, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 14 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager
GJ BESSIES

Date

**SIYATHEMBA LOCAL MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009**

2

MAYOR

Mrs E Nell

SPEAKER

Mrs E Nell

MEMBERS OF THE COUNCIL

A Faro

S Berends

J Gous

K Yola

GP Mackay

NJ Burger

J Phillips

**SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009**

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		140 953 213	145 718 619
Accumulated Surplus/(Deficit)		140 953 213	145 718 619
Non-current liabilities			
Long - term liabilities	2	-	206 067
Current liabilities		9 003 684	9 141 803
Provisions	4	-	-
Creditors	3.3	5 944 971	3 004 994
Consumer Deposits	3.2	339 526	299 700
Unspent conditional grants and receipts	5	57 103	242 851
Bank overdraft	13	48 973	2 713 182
VAT	3.1	1 435 650	992 248
Current portion of long-term liabilities	2	463 973	1 258 989
Total net assets and liabilities		149 956 897	155 066 489
Assets			
Non-current assets		146 137 119	150 369 016
Property, plant and equipment	6	126 771 518	131 261 663
Investment Property	7	18 972 100	18 972 100
Long - term receivables	9	393 501	135 253
Current assets		3 819 777	4 697 473
Inventory	10	175 681	176 536
Consumer debtors	11	1 965 166	1 416 467
Other debtors	12	549 588	576 538
Current portion of long-term debtors	9	116 656	9 790
Cash and cash equivalents	8	1 012 686	2 518 142
Total assets		149 956 897	155 066 489

**SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 R	2008 R
Revenue			
Property rates	20.1	4 390 894	3,974,855
Property rates - penalties imposed and collection char	20.1	-	91 189
Service charges	20.2	15 948 134	13,402,651
Rental of facilities and equipment		714 622	435,826
Interest earned - external investments		211 717	147 958
Interest earned - outstanding debtors		641 613	497,817
Fines		86 395	60,620
Licences and permits		-	751,347
Government grants and subsidies	14	11 013 927	12,242,992
Other income	20.3	473 443	150,156
Public contributions and donations		-	-
Income: Agency services		481 097	-
Total Revenue		33 961 842	31 755 411
EXPENDITURE			
Employee related costs	15	14 392 150	12,499,191
Remuneration of Councillors	16	1 181 584	939,291
Bad debts		2 743 812	-
Collection costs		-	-
Depreciation	6	4 597 976	9,463,193
Repairs and maintenance		1 949 570	1,788,922
Interest paid		471 364	403 137
Bulk purchases	20.4	4 194 537	3,134,483
Contracted services		-	-
Grants and subsidies paid	18	3 846 570	-
General expenses	20.5	5 349 683	14,087,920
Loss on disposal of property, plant and equipment		-	-
Total Expenditure		38 727 248	42 316 137
SURPLUS/(DEFICIT) FOR THE YEAR		(4 765 406)	(10 560 726)

Refer to Appendix E(1) for the comparison with the approved budget

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

	Pre- GAMAP Reserves	Capital Replacement Reserve	Government Grant Reserve	Accumulated Surplus/(Deficit)	TOTAL
2008					
Balance at 1 July 2007	-	-	-	128,879,935	128,879,935
Correction of error (Note 27)			29,505,824	(29,505,824)	-
Correction of error (Note 26)				31,260,672	31,260,672
Correction of error (Note 25)	-	-	-	(3,861,262)	(3,861,262)
Restated Balance	-	-	29,505,824	126,773,521	156,279,345
Surplus/(deficit) for the year				(10,560,726)	(10,560,726)
Capital grants used to purchase PPE					-
Donated/c ontributed PPE					-
Offsetting of depreciation			(531,624)	531,624	-
Balance at 30 June 2008			28,974,200	116,744,419	145,718,619
2009					
Correction of error (Note ?)				-	-
Restated balance					-
Surplus/(deficit) for the year				(4,765,406)	(4,765,406)
Capital grants used to purchase PPE					-
Donated/c ontributed PPE					-
Asset disposals					-
Offsetting of depreciation			(613,798)	613,798	-
Balance at 30 June 2009			28,360,402	112,592,811	140,953,213

SIYATHEMBA LOCAL MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		33 961 842	31 755 411
Cash paid to suppliers and employees		30 750 073	27 465 333
Cash generated from / (required by) operating activities	24	3 211 769	4 290 078
Interest received		641 613	497 817
Interest paid		(471 364)	(403 137)
NET CASH FROM OPERATING ACTIVITIES		3 382 017	4 384 758
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		-	-
Proceeds from rental of facilities and equipment		714 622	435 826
Purchase of property, plant and equipment		(107 832)	(4 392 913)
(Increase)/decrease in non current investments		1 004 279	(235 877)
Increase in long term receivables		(258 248)	62 348
NET CASH FROM INVESTING ACTIVITIES		1 352 821	(4 130 616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of capital element of interest bearing borrowings		(1 001 084)	(1 090 486)
Increase in consumer deposits		39 826	-
NET CASH FROM FINANCING ACTIVITIES		(961 258)	(1 090 486)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALE		3 773 581	(836 344)
Balance at the beginning of the year		(2 711 922)	(1 875 578)
Balance at the end of the year		1 061 659	(2 711 922)
		(3 382 017)	(4 384 758)

1. SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1.1 Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by an accounting standard.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

These standards are summarised as follows:

- GRAP 1: Presentation of financial statements.
- GRAP 2: Cash flow statements.
- GRAP 3: Accounting policies, changes in accounting estimates and errors.
- GRAP 4: The effects of changes in foreign exchange transactions.
- GRAP 5: Borrowing costs.
- GRAP 6: Consolidated and separate financial statements.
- GRAP 7: Investments in associates.
- GRAP 8: Interests in joint ventures.
- GRAP 9: Revenue from exchange transactions.
- GRAP 10: Financial reporting in hyperinflationary economies
- GRAP 11: Construction contracts.
- GRAP 12: Inventories.
- GRAP 13: Leases.
- GRAP 14: Events after reporting date.
- GRAP 16: Investment property.
- GRAP 17: Property, plant and equipment.
- GRAP 19: Provisions, contingent liabilities, and contingent assets.
- GRAP 100: Non-current assets held for sale and discontinued operations.
- GRAP 101: Agriculture.
- GRAP 102: Intangible assets.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The accounting framework for 2008/09

There are no general exemptions from specific standards or aspects of accounting standards and the Municipality comply with the accounting framework set out in Directive 5 of the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied, is disclosed below.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.4 Comparative information

Budget information, in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Reserves

1.5.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government grants reserve equal to the Government grant recorded as revenue in the Statement of Financial Performance in accordance with GRAP 24 Presentation of Budget information in Financial Statements issued by National Treasury in November 2007.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed through a government grant is disposed off, the balance in the Government grant reserve relating to the item is transferred to the accumulated surplus/ (deficit).

1.5.2 Donations and public contributions

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/ (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with GRAP 24 Presentation of Budget information in Financial Statements issued by National Treasury in November 2007.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit).When an item of property, plant and

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equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.5.3 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a Revaluation Reserve. The revaluation reserve is realised as re-valued assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/ (deficit).

On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

1.6 Financial Instruments

Recognition

Financial instruments are initially recognised at fair value.

Financial assets and financial liabilities are recognised on the Municipality's balance sheet when the Municipality becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The Municipality's principal financial assets are accounts receivable and cash and cash equivalents.

Receivables

Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Management is of the opinion that all receivables outstanding over 90 days are not recoverable and therefore the appropriate allowances for the estimated irrecoverable amounts are provided for as doubtful receivables.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Municipality's financial liabilities are interest bearing financial lease liabilities and accounts payable.

All financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

1.7 Employee Benefits

The Municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement plans are recognised as an expense when employees and councillors have rendered the employed service or served office entitling them to the contribution. In the absence of a Statement of GRAP on Employee Benefits, the municipality discloses the employee benefits as per IAS 19.

The defined benefits funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Post-retirement medical benefits

A provision is maintained in respect of the liability to employees relating to post-retirement benefits, such as medical aid contributions

1.8 Revenue recognition

1.8.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

1.8.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Unauthorised expenditure

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9.1 Leases

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Inventories

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value.

1.11 Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

1.12 Property, Plant and Equipment

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

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The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Community Assets	Years
Recreational Facilities	30-50
<i>Other Assets:</i>	
Furniture & Fittings	3-10
Office Equipment	3-10
Plant & Equipment	3-10
Vehicles	5

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 14 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Review of useful lives

The useful lives of assets have been reviewed..

Review of depreciation method

The depreciation method was reviewed but no changes were necessary.

Impairment of non-cash generating assets

The assets in question were assessed for possible impairment.

1.13 INVESTMENT PROPERTY

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 50 years.

1.14 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.15 Value Added Tax

The Municipality accounts for Value Added Tax on the payment basis.

1.16. SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

1.17. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R	
2 LONG TERM LIABILITIES			
External loans	463 973	1 465 056	
Less: Current portion transferred to current liabilities	(463 973)	(1 001 084)	
Total External Loans	-	463 972	
Loan Repayment Period:			
• not later than one year;	463 973	1 001 084	
years;	-	463 972	
• later than five years	-	-	
	-	463 972	
The long term loans bears interest between 10% and 12% per annum (Refer Appendix A) and is repayable in monthly instalments of R 94,072-25			
The liabilities is secured by fixed assets with a book value of R nil at year end. See Appendix A for details of assets purchased.			
3 CREDITORS			
3.1 VAT			
SARS Vat	1 435 650	992 248	
3.2 Consumer Deposits			
Consumer Deposits	339 526	299 700	
3.3 Trade Creditors			
Trade Creditors	4 889 187	2 133 013	
Nielandskloof Stormwater	-	771 788	
Deposits (Keys, Posters, City Hall)	319	5 957	
Salary Control	514 309	-	
Suspense Account - Medical Contributions	-	4 686	
Other Creditors	541 155	89 550	
Medical aid and UIF deductions	-	-	
	5 944 971	3 004 994	
4 PROVISIONS			
2009	Post-Retirement Medical Benefit	Leave Pay	Total
Balance at the beginning of the year	-	629 839	629 839
Contribution during the year	19 520	64 129	83 649
Paid during the year	-	-	-
Balance at the end of the year	19 520	693 968	713 488
2008		Leave Pay	Total
Balance at the beginning of the year		578 389	578 389
Contribution during the year		51 450	51 450
Paid during the year		-	-
Balance at the end of the year		629 839	629 839

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
5 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES		
Niekedshoop Behuising	-	(53 722)
Lotto Funds	76 070	(17 628)
Feasibility Studies	-	-
District Aids Grant (Feasibility Study)	-	73 137
BMG Grant	136 042	85 064
MSIG Grant	(155 009)	156 000
Total (Transferred to Creditors)	<u>57 103</u>	<u>242 851</u>

6 PROPER TY, PLANT AND EQUIPMENT

Reconciliation of carrying value	Infrastructure Assets	Community Assets	Other Assets	Total
		R	R	R
1 July 2007				
Cost	-	-	-	175 368 911
Accumulated depreciation	-	-	-	56 395 820
Carrying value 30 June 2008	-	-	-	118 973 091
Correction of error (Note /)	101,790,657	4 254 320	25 216 686	131 261 663
Cost	105 463,721	4 457 248	25 844 200	135 765 169
Accumulated Depreciation	3,673,064	202 928	627 514	4 503 506
Restated carrying value 30 June 2008	101,790,657	4,254,320	25,216,686	131,261,663
Cost	105 463 721	4 457 248	25 844 200	135 765 169
Accumulated depreciation	3,673,064	202,928	627,514	4,503,506
Acquisitions	-	-	107 832	107 832
Depreciation	3,751,277	202 928	643 771	4 597 976
Disposal	-	-	-	-
Write-off	-	-	-	-
Carrying value 30 June 2009	<u>98 039 379</u>	<u>4 051 392</u>	<u>24 680 747</u>	<u>126 771 518</u>

7 INVESTMENT PROPERTY

Cost	<u>18 972 100</u>	<u>18 972 100</u>
Total Investment Property	<u>18 972 100</u>	<u>18 972 100</u>

No revenue was earned from the investment property as the property is vacant land held for long-term capital appreciation.

8 CASH AND CASH EQUIVELANTS

Fixed deposits	-	2 516 882
Other deposits	-	-
Total Cash Investments	<u>-</u>	<u>2 516 882</u>
Alsa - Acc.no 90 8560 2995 - Revolvingfund Investment	-	2 382 773
Alsa - Acc.no 91 5884 5288 - Niekedshoop Housing Investment	-	2 138
Alsa - Acc.no 20 6645 1936 - Motor & Housing loans Investment	41 722	37 874
Alsa - Acc.no 92 0404 6778 - Feasibility Study Investment	1 000	94 097
Alsa - Account number: 4053552997	968 704	-
Cash on Hand	1 260	1 260
(Revolvingfund Investment was held for surety for bank overdraft in 2007/08.)	<u>1 012 686</u>	<u>2 518 142</u>

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
9 LONG TERM RECEIVABLES		
Consumable Debtors	374 507	-
Housing loans	135 650	145 043
Less: Current portion transferred to current receivables	(116 656)	(9 790)
	<u>393 501</u>	<u>135 253</u>

CAR LOANS

Before the enactment of the MFMA senior staff were entitled to car loans and housing loans which attracted interest at 9.75 to 16.05% per annum and which were repayable over a maximum period of 20 years. The last loan will be repayable in the year 2023.

10 INVENTORY		
Prepaid meters	3,778	0
Consumable stores	171 904	176 536
	<u>175 681</u>	<u>176 536</u>

11 CONSUMER DEBTORS				-
	Gross Balances	Transferred to Long Term Loans	Provision for Bad Debts	Net Balance
As at 30 June 2009				
Service Debtors				
Rates	6 247 592	93 627	5 720 813	433 152
Electricity	485 491	93 627	395 995	(4 130)
Water	4 235 679	93 627	3 454 865	687 188
Other	5 113 223	93 627	4 170 641	848 956
TOTAL	<u>16 081 985</u>	<u>374 507</u>	<u>13 742 313</u>	<u>1 965 165</u>

	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2008			
Service Debtors			
Rates	5 265 306	49 479 22	317 384
Electricity	372 900	204 357	168 543
Water	3 085 051	2 333 487	751 564
Other	3 693 210	3 514 234	178 976
TOTAL	<u>12 416 467</u>	<u>11 000 000</u>	<u>1 416 467</u>

	2009 R	2008 R
Rates: Ageing		
Current (0 - 30 days)	243 563	217 643
31 - 60 Days	160 745	99 741
61 - 90 Days	122 471	106 862
91 - 120 Days	118 626	91 249
121 - 365 Days	126 157	4 740 811
+ 365 Days	5 476 030	-
TOTAL	<u>6 247 592</u>	<u>5 265 306</u>

Electricity, Water and Sewerage & Other: Ageing

	2009 R	2008 R
Current (0 - 30 days)	1 075 053	825 845
31 - 60 Days	393 735	271 859
61 - 90 Days	342 662	258 598
91 - 120 Days	263 766	257 379
121 - 365 Days	312 000	5 537 480
+ 365 Days	7 447 177	-
TOTAL	<u>9 834 393</u>	<u>7 151 161</u>

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Summary of Debtors by Customer Classification 30 June 2009	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	963 962	68 496	286 157
31 – 60 Days	438 313	52 116	64 051
61 – 90 Days	440 639	9 496	14 996
91 – 120 Days	366 178	5 197	11 016
121 – 365 Days	416 253	10 630	11 253
+ 365 Days	12 652 618	110 809	159 785
Sub-total	15 277 963	256 764	547 258
Less: Long Term Receivables	355 783	5 979	12 744
Less: Provision for bad debts	13 055 263	219 409	467 641
Total debtors by customer classification	1 866 917	31 376	66 873

Summary of Debtors by Customer Classification 30 June 2008	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 – 30 days)	741 067	249 423	52 998
31 – 60 Days	377 025	(4 458)	(966)
61 – 90 Days	361 626	13 274	(9 439)
91 – 120 Days	334 021	(2 270)	16 877
121 – 365 Days	9 936 109	168 796	182 385
+ 365 Days	-	-	-
Sub-total	11 749 848	424 765	241 855
Less: Provision for bad debts	10 634 211	166 527	199 262
Total debtors by customer classification	1 115 637	258 238	42 593

<u>Reconciliation of the bad debt provision</u>		
Balance at beginning of the year	11 000 000	4 000 000
Contributions to provision	2 745 311	7 009 065
Bad debts written off	1 499	9 065
Reversal of provision	-	-
Balance at end of year	13 745 812	11 000 000

12 OTHER DEBTORS		
Vat Repayable	-	-
Meent Hungele	216 912	216 912
Unpaid Cheques	312,733	299 683
Deposit Paid (Sand, GWK, Eskom)	19,943	39 943
Sundry debtors	0	0
TOTAL	549 588	576 538

13 <u>Current Account (Primary Bank Account)</u>		
ABSA Bank - Public Sector/Northern Cape - Brandwag, Bloemfontein		
Account number: 4053552997		
Cash book balance at beginning of year - (overdrawn)	(2 713 182)	1 864 339
Cash book balance at end of year - (overdrawn)	(48 973)	(2 713 182)
Bank statement balance at beginning of year - (overdrawn)	(2 713 155)	1 839 616
Bank statement balance at end of year - (overdrawn)	(48 973)	(2 713 155)

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
14 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	9 518 896	7 542 079
Financial Management Grant	449 022	-
MIG Grant	-	4 301 723
Sport	-	120 000
MSIG Grant	1 046 009	-
Library	-	188 000
Financial Management Grant (Capital)	-	91 190
Less: Controlled by District Municipality	-	-
Total Government Grant and Subsidies	11 013 927	12 242 992
14.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	9 518 896	7 542 079
Conditions met - transferred to revenue	(9 518 896)	(7 542 079)
Conditions still to be met - transferred to current liabilities (see note 5)	-	-
The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery		
14.2 MIG		
Balance unspent at beginning of year	-	362 276
Current year receipts	-	4 301 723
Conditions met - transferred to revenue	-	(4 663 999)
Conditions still to be met - not stated as District Council are in charge of funds	-	-
Only asset of R 4 301 723 was brought into account	-	-
This grant was used to construct the oxidation ponds in Prieska.		
14.3 MSIG		
Balance unspent at beginning of year	156 000	-
Current year receipts	735 000	734 000
Conditions met	(1 046 009)	(578 000)
Conditions still to be met - transferred to liabilities (see note 5)	(155 009)	156 000
The fund is used to assist the district in building capacity of the local municipalities to perform their functions and stabilise institutional and governance systems as required by the Municipal Systems Act of 2000.		
14.4 Financial Management Grant		
Balance unspent at beginning of year	85 064	327 148
Current year receipts	500 000	500 000
Conditions met	(449 022)	(742 084)
Conditions still to be met - transferred to liabilities (see note 5)	136 042	85 064
The grant was allocated by National Treasury to upgrade office equipment and training of personnel.		
14.5 District Aid Grants		
Balance unspent at beginning of year	73 137	330 000
Current year receipts	-	94 098
Conditions met	-	(370 961)
Conditions still to be met - transferred to liabilities (see note 5)	73 137	73 137
District Aid Grants was used to do a EIA study (Bosontwiskoning).		

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
14.6 Spatial Development Grant		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	-	-
14.7 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act of 2009), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.		
15 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	10 132 297	7 817 937
Employee related costs - Contributions for UIF, pensions and medical aids	2 335 951	1 895 873
Travel, motor car and other allowances	488 331	228 904
Housing benefits and allowances	122 134	80 975
Overtime payments	331 587	328 967
Bonuses	1 031 851	864 294
Redemption of leave	-	-
Total Employee Related Costs	14 392 150	11 216 930
Remuneration of the Municipal Manager		
Annual Remuneration	351 800	308 926
Housing Subsidy	21 000	18 000
Travelling Allowance	140 140	123 940
Performance Bonuses	29 900	25 993
Contributions to UIF, Medical and Provident Funds	63 324	39 944
Total	606 164	516 803
Remuneration of the Chief Financial Officer		
Annual Remuneration	330 409	242 663
Travelling and other Allowances	102 386	81 517
Performance Bonuses	29 634	15 165
Contributions to UIF, Medical and Provident Funds	16 800	33 263
Total	479 229	372 608
Remuneration of Head: Corporate Services		
Annual Remuneration	-	244 572
Travelling and other Allowances	-	94 028
Performance Bonuses	-	20 381
Contributions to UIF, Medical and Provident Funds	-	34 025
Total	-	393 006
*The position of head of corporate services is currently vacant		
Remuneration of Head: Infrastructure and Technical Services		
Annual Remuneration	273 600	83 595
Travelling Allowance	84 300	27 535
Performance Bonuses	22 800	-
Contributions to UIF, Medical and Provident Funds	29 248	12 614
Total (2008: 4 Months)	409 948	123 744

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	2009 R	2008 R
16 REMUNERATION OF COUNCILLORS		
Mayor	178 804	148 653
Mayor Cell phone allowance	15 244	13 404
Mayor Travel allowance	62 884	56 984
Mayor Back Pay	22 612	3 907
Councillors	512 920	423 647
Councillors' pension contribution	89 615	-
Councillors' Travel allowance	203 094	149 577
Councillors' Back Pay	89 833	84 571
Councillors' Cell phone allowance	66 578	58 548
Total Councillors' Remuneration	1 181 584	939 291

17 INTEREST PAID ON EXTERNAL BORROWINGS		
External loans	353 473	258 473
Total Interest on External Borrowings	353 473	258 473

18 GRANTS AND SUBSIDIES PAID		
Total Grants and Subsidies	3 846 570	-

The Municipality identifies projects which are funded through grants and subsidies in the various local municipalities within the District. Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipalities.

19 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to Local Government Organisation

Opening balance	-	39 432
Current years contribution	-	80 104
Amount paid - current year	-	(80 104)
Amount paid - previous years	-	(39 432)
Balance unpaid	-	-

Audit fees

Opening balance	501 801	585 416
Current years contribution	-	213 704
Amount paid - current year	-	(297 319)
Balance unpaid (included in creditors)	501 801	501 801

VAT

Opening balance	(992 248)	(12 499)
Current year input VAT	(1 912 807)	(2 670 120)
Current year output VAT	1 469 405	1 690 371
Amount paid (received) - previous year and corrections	-	-
Balance unpaid (included in creditors)	(1 435 650)	(992 248)

PAYE and UIF

Opening balance	-	108 912
Current year payroll deductions	1 022 499	1 136 192
Amount paid - current year	(942 467)	(1 136 192)
Amount paid - previous years	-	(108 912)
Balance unpaid (included in creditors)	80 032	-

Pension and Medical Aid Deductions

Opening balance	-	307 647
Current year payroll deductions and council contributions	3 560 208	3 253 602
Amount paid - current year	(3 265 299)	(3 253 602)
Amount paid - previous years	-	(307 647)
Balance unpaid (included in creditors)	294 909	-

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20 DISCLOSURES IN RESPECT OF SERVICES		
20.1 Property Rates	4 390 894	3 923 066
Penalties Property Rates	-	51 789
20.2 Service Charges	15 948 134	13 493 840
20.3 Other Income	473 443	130 156
20.4 Bulk Purchases		
Electricity	4 038 129	3 027 742
Water	156 408	106 741
	<u>4 194 537</u>	<u>3 134 483</u>
20.5 General Expenses	<u>5 349 683</u>	<u>14 087 920</u>
21 RETIREMENT BENEFIT INFORMATION		
All councillors and employees are members of the Cape Joint Retirement Fund or the SAMWU Provident Fund or the National Fund for Municipal Workers or SALA or Municipal Councillors Pension Fund. These funds are subject to an actuarial valuation. No valuation has been performed for the financial year under review.		
22 CONTINGENT LIABILITY	-	-
23 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2).		
24 Cash generated by operations		
Reconciliation of net operating profit to cash generated in operations		
Net operating profit/(loss)	(4 765 406)	(10 560 726)
Adjusted for:		
Depreciation	4 597 976	9 463 193
Non operating income - rental received	(714 622)	(435 826)
Interest earned	(641 613)	(497 817)
Interest paid	471 364	403 137
Bad debt provisioning	2 743 812	-
Decrease in capital replacement reserve	-	9 782 746
Prior year adjustments to reserves	-	-
Changes in working capital:		
(Decrease)/Increase in inventory	(855)	(15 481)
(Decrease)/Increase in accounts receivable	(521 750)	(4 677 248)
(Decrease)/Increase in accounts payable	2 042 862	828 100
	<u>3 211 769</u>	<u>4 290 078</u>
25 CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year	(195 040)	
Balance at the end of the year	1 061 699	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1 256 699</u>	<u>(195 040)</u>

SIYATHEMBA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

21

	2009 R	2008 R
18 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>Contributions to Local Government Organisation</u>		
Opening balance	-	39 432
Current year's contribution	-	80 104
Amount paid - current year	-	(80 104)
Amount paid - previous years	-	(39 432)
Balance unpaid	-	-
<u>Audit fees</u>		
Opening balance	501 801	585 416
Current year's contribution	-	213 704
Amount paid - current year	-	(297 319)
Balance unpaid (included in creditors)	501 801	501 801
<u>VAT</u>		
Opening balance	114 321	(12 499)
Current year input VAT	-	(1 563 551)
Current year output VAT	-	1 690 371
Amount paid (received) - previous year and corrections	-	-
Balance unpaid (included in creditors)	114 321	114 321
<u>PAYE and UIF</u>		
Opening balance	-	108 912
Current year payroll deductions	1 022 499	1 136 192
Amount paid - current year	(942 467)	(1 136 192)
Amount paid - previous years	-	(108 912)
Balance unpaid (included in creditors)	80 032	-
<u>Pension and Medical Aid Deductions</u>		
Opening balance	-	307 647
Current year payroll deductions and council contributions	3 560 208	3 253 602
Amount paid - current year	(3 265 299)	(3 253 602)
Amount paid - previous years	-	(307 647)
Balance unpaid (included in creditors)	294 909	-

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
26 CHANGE IN ACCOUNTING POLICY- IMPLEMENTATION OF GAMAP/GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -		
26.1 Statutory Funds		
Balance previously reported: -		
Revolving Fund	-	-
Trust Fund	-	-
Total	<u>-</u>	<u>-</u>
Implementation of GAMAP		
Transferred to the Capital Replacement Reserve	-	-
Transferred to the Capitalisation Reserve	-	-
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	-	-
Transferred to the Housing Development fund	-	-
Transferred to the Government Reserves	-	-
Transferred to the Donation and Public contribution reserves	-	-
Total	<u>-</u>	<u>-</u>
26.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported		
Implementation of GAMAP		
Transferred to Government Grant Reserve	-	-
Transferred to Donations and Public Contribution Reserve	-	-
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	-	-
Total	<u>-</u>	<u>-</u>
26.3 Provisions and Reserves		
Balance previously reported		
Infrastructure Replacement Reserve		
Tariff Equalization Reserve		
Valuation Roll Reserve		
Staff Bursary Reserve		
Total	<u></u>	<u></u>
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	<u></u>	<u></u>
26.4 Inventory		
Balance previously reported	0	
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)		
Water previously expensed now shown as inventory		
Write-down of spare parts to unauthoriz value		
Write-down of unsold properties to unauthoriz value		
Total	<u></u>	<u></u>
26.5 Property, plant and equipment		
Balance previously reported	0	
Implementation of GAMAP		
Revaluation of assets - difference recorded to Accumulated Surplus/(Deficit) (see 30.8 below)	0	
Total	<u>0</u>	<u></u>

ANNUAL REPORT 2008-2009-MUNICIPALITY SIYATHEMBA MUNISIPALITEIT

	2009 R	2008 R
26.6 Accumulated Depreciation		
Balance previously reported		NIL
Implementation of GAMAP		
Backlog depreciation: Community Services		0
Backlog depreciation: Subsidised Services		0
Backlog depreciation: Economic Services		0
Backlog depreciation: Sub Economical Housing		0
Backlog depreciation: Water		0
Backlog depreciation: Electricity		0
Total (debited to Accumulated Surplus/(Deficit)) (see 30.8 below)		-
26.7 Accumulated Surplus/(Deficit)		
Accumulated surplus at the beginning of the year		123,232,089
Implementation of GAMAP		1,786,584
Adjustments to inventory (see 30.4 above)		-
Excessive provisions and reserves no longer permitted (see 30.3 above)		-
Non-current provisions previously not authorised (see 30.5 above)		-
Transferred from statutory funds (see 30.1 above)		-
Transferred from Loans Redeemed and Other Capital Receipts (see 30.2 above)		-
Fair value of Property, Plant and Equipment correction (see 30.6 above)		-
Backlog depreciation (see 30.7 above)		-
Previous year adjustments		1,786,584
Net Surplus/(Deficit) for the year		(10,560,726)
Accumulated surplus at the end of the year		114,457,947
27. CORRECTION OF ERROR	2 009	2 008
Adjustment of Property, plant and equipment with ass.FAR as at 30 June 2008		
Change in PPE at cost (credit)		20 631 642
Adjustment accumulated depreciation of previous years (debit)		51 892 314
Net adjustment to Accumulated Surplus (credit)		31,260,672
Net effect on surplus/(deficit) for the year		0
28. CORRECTION OF ERROR		
Establishment of Government Grant Reserve making use of FAR for 2008 based on Carrying value of assets funded by grants at 1 July 2007		
Accumulated surplus adjusted with transfer to Grant Reserve		29,505,824
Government Grant Reserve Established		29,505,824
Adjustment for offsetting of depreciation done in Statement of net assets for 2008		531,623
29. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 2)	-	-
Used to finance property, plant and equipment – at cost	-	-
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities (see note 17)	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		
30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
<u>30.1 Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<u>30.2 Fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	20,968	-
Fruitless and wasteful expenditure current year	38,658	20,968
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>59,626</u>	<u>20,968</u>

<u>Incident</u>	
Interest and penalties paid on late submission of Vat	R 12,709.46
Interest paid on late payment of Creditors.	R 8,258.81
Payment to a dismissed employee	R 14,682.00
Interest and penalties paid on late submission of Vat	R 9,389.63
Interest paid on late payment of Creditors.	R 14,386.14

<u>30.3 Irregular expenditure</u>		
Reconciliation of irregular expenditure		
Opening balance	20,168	0
Irregular expenditure current year	1,664,391	20,168
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u>1,684,559</u>	<u>20,168</u>

<u>Incident</u>	
Payment to GWK for goods bought on Credit by Luzuko Road Works.	
The Municipality issued a financial guarantee for all goods delivered to Luzuko Road Works.	
Tax clearance certificates not obtained for payments above R 15 000.	

31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30th June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
Councillors	9,739	5,202	4,537
Total Councillor Arrear Consumer Accounts	<u>9,739</u>	<u>5,202</u>	<u>4,537</u>

30th June 2009	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
Councillor G.P. Mackay	7,541	2,084	5,457
Councillor J.J. Berends	715	700	15
Councillor J. Phillips	(385)	0	0
Total Councillor Arrear Consumer Accounts	<u>7,871</u>	<u>2,784</u>	<u>5,472</u>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

30th June 2009	
Councillor J.J. Berends	15 90 days plus
Councillor G.P. Mackay	5,457 90 days plus

31.2 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has developed a supply chain management policy and it was implemented on 1 July 2006.

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
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32. FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

Financial assets: Loans and receivables

Financial liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

2009

Assets

Property, Plant and Equipment	
Investment Properties	
Intangible Assets	
Long-term Receivables	393,501
Short-term Portion of Long-term Receivables	116,656
Inventory	175,681
Trade and other receivables from exchange transactions	1,965,166
Other receivables from non-exchange transactions	549,588
Deposits	-
Vat receivable	-
Cash and Cash Equivalents	1,012,686
	4,213,278

Loans and receivables R	Non financial assets R	Total R
	126,771,518	126,771,518
	18,972,100	18,972,100
	-	-
	393,501	393,501
	116,656	116,656
	175,681	175,681
	1,965,166	1,965,166
	549,588	549,588
	-	-
	-	-
	1,012,686	1,012,686
	145,743,618	149,956,897

Liabilities

Long-term Liabilities	-
Consumer Deposits	339,526
Short-term Portion of Deferred Income	-
Short-term Portion of Long Term Liabilities	463,973
Taxes and transfers payable (non-exchange)	57,103
Trade and other payables from exchange transactions	5,944,971
Provisions	713,488
Vat payable	1,435,650
Bank Overdraft	48,973
	7,893,567

Measured at amortised cost R	Non financial liabilities R	Total R
-	-	-
	339,526	339,526
	-	-
	463,973	463,973
	57,103	57,103
	5,944,971	5,944,971
	713,488	713,488
	1,435,650	1,435,650
	48,973	48,973
	1,110,117	9,003,684

Net assets

	140,953,213	140,953,213
	3,680,289	-

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2008		
Assets		
Property, Plant and Equipment		131,261,663
Investment Properties		18,972,100
Intangible Assets		-
Long-term Receivables	135,253	135,253
Short-term Portion of Long-term Receivables	9,790	9,790
Inventory	176,536	176,536
Trade and other receivables from exchange transactions	1,416,467	1,416,467
Other receivables from non-exchange transactions	576,538	576,538
Deposits		-
VAT receivable		-
Cash and Cash Equivalents	2,518,142	2,518,142
	<u>4,832,726</u>	<u>155,066,489</u>
Liabilities		
Long-term Liabilities	206,067	206,067
Consumer Deposits		299,700
Short-term Portion of Deferred Income		-
Short-term Portion of Long Term Liabilities	1,258,989	1,258,989
Taxes and transfers payable (non-exchange)		242,851
Trade and other payables from exchange transactions	3,004,994	3,004,994
Provisions		629,839
Vat payable	992,248	992,248
Bank Overdraft	2,713,182	2,713,182
	<u>8,175,480</u>	<u>9,347,870</u>
Net assets	<u>(3,342,754)</u>	<u>145,718,619</u>
	2009 R	2008 R
Loans and receivables at amortised cost		
Opening balance	4,832,726	-
Interest income	-	-
Impairments	-	-
Net other movements	(619,448)	4,832,726
Closing balance	<u>4,213,278</u>	<u>4,832,726</u>
Financial liabilities at amortised cost		
Opening balance	8,175,480	-
Interest paid	-	-
Impairments	-	-
Net other movements	(281,913)	8,175,480
Closing balance	<u>7,893,567</u>	<u>8,175,480</u>

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SIYATHEMBA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
33. COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
Infrastructure	0	0
Community	0	0
Heritage	0	0
Other	0	0
Housing Development Fund	0	0
Investment Properties	0	0
Total	0	0
- Approved but not yet contracted for		
Infrastructure	4,085,000	4,085,000
Community	0	0
Heritage	0	0
Other	0	0
Housing Development	0	0
Investment Properties	0	0
Total	4,085,000	4,085,000
Commitments in respect of current expenditure:		
- Approved and contracted	0	187,650
This expenditure will be financed from:		
- External Loans	0	0
- Capital Replacement Reserve	0	0
- Government Grants	4,085,000	4,272,650
- Own resources	0	0
- District Council Grants	0	0
Total	4,085,000	4,272,650

34. RETIREMENT BENEFIT INFORMATION Included in accounting policy

35. CONTINGENT LIABILITY

None

36. CONTINGENT ASSET

37. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description
None

38. PRIVATE PUBLIC PARTNERSHIPS

None

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39. EVENTS AFTER THE REPORTING DATE

None

40. RELATED PARTY TRANSACTIONS

The following purchases/ transactions were made during the year where Management have an interest:

Staff Member

Mr. J. J Badenhorst - Technical Manager	6,406	-
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Mr. J Basson - Assistant Technical Manager	94,098	-
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41. NON COMPLIANCE WITH LEGISLATION

41.1 Non compliance with the MFMA

Non-compliance with Section 62(1)(d) of the MFMA	7,197	-
Non-compliance with Section 65(1) and (2)(d) of the MFMA	187,787	-
Non-compliance with Section 72 of the MFMA	-	-
Non-compliance with Section 62(1)(d) of the MFMA	1,877	-
Non-compliance with Section 75 of the MFMA	-	-
Non-compliance with Section 114 of the MFMA	-	-
Non-compliance with Section 11 (4) of the MFMA	-	-

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Non-compliance with Section 52(d) of the MFMA	-	-
Non-compliance with Section 62(1)(d) of the MFMA	-	-
Non compliance with Section 99(2) of the MFMA	-	-
Non compliance with Section 138 of the MFMA	-	-
Non-compliance with Section 112(1) and (2) of the MFMA	-	-
Non-compliance with Section 114 of the MFMA	-	-
<u>41.2 Non compliance with SALBC Agreement</u>		
Non-compliance with Section 7(2) of the SALBC agreement.	-	-
<u>41.3 Non compliance with Municipal Systems Act</u>		
Non compliance with Section 46 of the Municipal Systems Act	-	-
<u>41.4 Non compliance with SCM Regulation</u>		
Non-compliance with SCM Regulation 14	-	-
Non-compliance with SCM Regulations 26, Section 27	-	-
Non-compliance with SCM Regulation 6.	-	-
Non-compliance with SCM Regulation 44 and 45	100,503	-
Non-compliance with SCM Regulation 46.	-	-
<u>41.5 Non compliance with the Municipal Supply Chain Management Policy (MSCMP)</u>		
Non-compliance with Section 44 and 45 of the MSCM Policy	-	-
Non-compliance with Section 24(1) of the MSCM Policy	-	-
Non-compliance with Section 21(d)(ii) of the MSCM Policy	-	-
<u>41.6 Non compliance with the Preferential Procurement Policy Framework Act</u>		
Non-compliance with Section 2(1)(d),(e) and (f) of the Preferential Procurement Policy Framework Act	1,650,220	-
<u>41.7 Non-compliance with the Remuneration of Public Office Bearers Act</u>		
Non-compliance with Section 7(3) of the Remuneration of Public Office Bearers Act	-	-
<u>41.8 Non-compliance with the Public Service Resolution 7 of 2000</u>		
Non-compliance with Public Service Resolution 7 of 2000	21,227	-
Non-compliance with Chapter 1, Part vii, C2 of Public Service Resolution 7 of 2000	-	-

ANNUAL REPORT 2008-2009-MUNICIPALITY SIYATHEMBA MUNISIPALITEIT

SIYATHEMBA LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/08	Received during the period	Redeemed written off during the period	Balance at 30/06/09	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Loan @ 10%- DBSA Purchase of vehicles	25845	6/30/2009	841,983	-	617,482	224,501	-	-
Loan @ 10%-ABSA Bank - Resurfacing of roads	3009634209	11/19/2009	377,165	-	257,504	119,661	-	-
Loan @ 12.00%-ABSA Bank - Upgrading Electricity	3010141463	4/30/2010	245,908	-	128,098	119,810	-	-
Total long-term loans			1,465,056	0	1,001,084	463,972	-	-

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SIYATHEMBA LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2009

	COST				Accumulated Depreciation				Carrying Value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
Property, Plant & Equipment									
Infrastructure Assets	1 05 463 721	-	-	105,463,721	3 673 064	3 751 277	-	7,424,342	98,039,379
Community Assets	4 457 248	-	-	4,457,248	202 928	202 928	-	405,856	4,051,392
Other Assets	25 844 200	107 832	-	25,952,032	627 514	643 771	-	1,271,285	24,680,747
Total	135 765 169	107 832	-	135 873 001	4 503 506	4 597 976	-	9 101 483	126 771 518

SIYATHEMBA LOCAL MUNICIPALITY

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APPENDIX E (2)

ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Under</u> <u>Construction</u>	<u>2009</u> <u>Total</u> <u>Additions</u>	<u>2009</u> <u>Budget</u>	<u>2009</u> <u>Variance</u>	<u>2009</u> <u>Variance</u>
	R	R	R	R	R	%
Executive & Council	107 832	-	107 832	107 832	-	0.00
Finance & Admin	-	-	-	-	-	0.00
Planning & Development	-	-	-	-	-	0.00
Health	-	-	-	-	-	0.00
Community & Social Services	-	-	-	-	-	0.00
Public Safety	-	-	-	-	-	0.00
Sport & Recreation	-	-	-	-	-	0.00
Environmental Protection	-	-	-	-	-	0.00
Waste Management	-	-	-	-	-	0.00
Road Transport	-	-	-	-	-	0.00
Water	-	-	-	-	-	0.00
Electricity	-	-	-	-	-	0.00
Other	-	-	-	-	-	0.00
TOTAL	107 832	-	107 832	107 832	-	0.00

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APPENDIX F

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SIYATHEMBA LOCAL MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies received: 2008/2009

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	9,518,896	9,518,896	0	9,518,896	None	Not Applicable	None
Financial Management Grant	National Treasury	500,000	449,022	0	500,000	None	Yes	None
Systems Improvement Grant	DPLG	735,000	1,046,009	0	735,000	None	Yes	None
District aid grants	Provincial	0	0	0	0	None		
MIG Grant	DPLG	0	0	0	0	None		
Miscellaneous Receipts	Lotto fund	0	0	0	0	None		
		10,753,896	11,013,927	0	10,753,896			

Equitable Share shown as expended in order that total grant expenditure recognised as revenue balance with Note 12

**SIYATHEMBA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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In-kind Benefits



The Executive Mayor, Speaker and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties as well as on VIP Protection.

Certification by the Municipal Manager

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 14 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

Municipal Manager

Municipality
Siyathemba
Munisipaliteit



Report of the Auditor - General
2008/09

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF SIYATHEMBA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Siyathemba Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 61.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the effective Statements of General Recognised Accounting Practice (GRAP) as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practise, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Siyathemba Municipality in this respect will be limited to reporting on non – compliance with this disclosure requirements.

Basis for disclaimer of opinion

Basis of accounting

5. I was unable to confirm the accuracy, occurrence and completeness of the presentation and disclosure of the financial statements due to the following:

- In terms of Directive 4: *Transitional Provisions for Medium and Low Capacity Municipalities* issued by the Accounting Standards Board, the municipality has adopted the transitional provisions for the following GRAP Standards:

- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 16 Investment property
- GRAP 17 Property, plant and equipment
- GRAP 19 Provisions, contingent liabilities and contingent assets
- GRAP 100 Non-current assets held for sale and discontinued operations
- GRAP 102 Intangible assets.

6. Directive 4 exempts the municipality from measuring and recognising the municipality's assets and liabilities covered by the aforementioned standards that were not previously recognised.

7. The following disclosure was not made for the aforementioned standards as required by Directive 4:

- The classes of assets and/or liabilities that had not been measured in accordance with the applicable standard of GRAP during the previous reporting period, but which are now so recognised.

- The nature and amount of any measurement period adjustments recognised during the period.

- Information on the progress made by the municipality towards measuring assets or liabilities in accordance with the requirements of the Standards of GRAP and recognising major classes of assets and liabilities that had not been recognised in full.

- The records of the municipality did not permit the application of alternative audit procedures to confirm the accuracy, occurrence and completeness of the disclosure required by Directive 4.

8. The financial statements have been prepared in accordance with Directive 5, *Determining the GRAP Reporting Framework* issued by the Accounting Standards Board. As disclosed in accounting policy note 1.1, the municipality must develop accounting policies in accordance with the effective Statements of GRAP. Accounting policies for material transactions not covered by the Statements of GRAP should be developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. The municipality did not develop and include accounting policies for the following conditions and events presented in the financial statements:

- Investment property
- Leases
- Impairment of assets
- Financial instruments
- Grants, transfers and donations
- Intangible assets.

Property, plant and equipment

9. I was unable to confirm the completeness, existence and rights pertaining to property, plant and equipment (including infrastructure assets) to the value of R126 771 518 as contained in note 6 to the financial statements, due to the following:
- The asset register was reconstructed in the current year. No reconciliation of assets between the new asset register and existing asset register was prepared and provided by the Municipality.
 - All immovable properties owned by the municipality were not disclosed in the financial statements.
 - The existence of fixed assets amounting R2 757 828 could not be confirmed as the asset register did not contain unique numbers for individual items.
 - The accuracy of the depreciation charge of R4 597 976 could not be confirmed as the municipality used the maximum useful life as per MFMA *Local Government Capital Asset Management Guideline* and did not reconstruct the useful life in the same manner as the replacement value of the asset was reconstructed.
10. The municipality's records did not allow for the application of alternative procedures to confirm the completeness, existence and valuation of and the rights pertaining to property, plant and equipment.
11. Conditional grant funding amounting R3 673 000 received during the financial year were transferred to the district municipality. At year-end this project had been partially completed by the district municipality but not disclosed as capital work-in-progress in the financial statements of Siyathemba. Hence revenue was understated and fixed assets (work in progress) was understated by R2 156 000. Furthermore, the unspent portion of the mentioned grant amounting to R1 517 000 was not recognised as unspent conditional grants and receivables in the financial statements.
12. The accounting policy stated in note 1.12 to the financial statements is incomplete as it does not describe the accounting treatment of property, plant and equipment as required by GRAP 17 as it pertains to:
- Initial recognition
 - Subsequent measurement – revaluation/Cost model
 - Depreciation and impairment for infrastructure assets
 - De-recognition.

Value-added tax (VAT)

13. I was unable to confirm the completeness, existence, valuation and obligations of the VAT payable as disclosed in note 3.1 to the financial statements amounting to R1 435 650 (2008: R992 248). An unexplained difference of R512 484 (2008: R32 647) was noted between the VAT returns and the financial records. No reconciliation or explanation could be provided. The municipality's records did not permit the application of alternative audit procedures.

Receivables

14. The municipality made provision for R13 742 313 for impairment of receivables, which is not in line with the municipality's accounting policy. Further, IAS 39 *Financial Instruments* does not allow for blanket impairment. In terms of IAS 39 the municipality must assess at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired only if there is objective evidence of impairment. I could not obtain evidence for the basis of impairment of R13 742 313. The municipality's records did not permit the application of alternative audit procedures.

15. The disclosure and measurement of receivables as financial assets and deferred assets as it relates to fair value measurement at initial recognition is not in line with the requirements of IAS 39, *Financial Instruments: Recognition and measurement*.
16. Sufficient appropriate supporting documentation could not be obtained for journals to the value of R112 549 (debit journals) and R213 150 (credit journals). Accordingly, the accuracy and occurrence of the journals could not be confirmed and the municipality's records did not permit the application of alternative audit procedures.

Investment property

17. No accounting policy note detailing the initial recognition, subsequent measurement (fair value model) and de-recognition was included in the municipality's financial statements to describe the accounting treatment of investment property as required by GRAP 16: *Investment Property*.

Payables

18. Creditors amounting R5 944 971, disclosed in note 3.3 to the financial statements are understated by R1 083 761. The Municipality does not have an adequate system of capturing the year end provision for expenses, hence creditors and expenditure were understated by R1 083 761.

Conditional grants

19. Unspent conditional grants disclosed as R57 103 in note 5, were materially understated by R1 517 000 because the municipality failed to disclose unspent grant funding held at another municipality. Consequently, receivables were also understated by R1 517 000 as a result of the grant not being recognised.
20. As disclosed in note 14.3 to the financial statements, the Municipal Systems Improvement Grant was overspent by R155 009. Such overspending should be expensed in the statement of financial position as no certainty exists as to the recovery of the amount from National Treasury. Hence expenses are understated and the surplus for the year is overstated by the said amount.
21. Sufficient appropriate audit evidence could not be provided for MIG grants amounting to R362 276 recognised in the prior financial year. Consequently the opening balance of the current year could not be verified.

Revenue

22. The completeness, accuracy and occurrence of revenue amounting to R33 961 842, as disclosed in the statement of financial performance, could not be confirmed or verified due to the following matters:
 - The valuation roll could not be reconciled to amounts billed in respect of rates as the valuation roll were updated with valuations but the rates applied related to the prior valuation amounts.
 - The valuation roll not being updated with property transfers and improvements.
 - There was an unexplained difference in respect of government grants received between the annual financial statements and the trial balance submitted for audit purposes, amounting to R432 345.

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- Supporting documentation could not be obtained for revenue transactions amounting to R151 664, hence the accuracy, occurrence and classification of these transactions could not be confirmed.
23. Revenue amounting to R33 961 842 as disclosed in the financial statements is materially misstated due to the following:
- Income received from the traffic department was understated by R863 298 as a result of a lack of reconciliations between the income generated by the traffic department and the amount received by the municipality.
 - Income and expenditure was understated by R376 020 as a result of the municipality recognising the grant funding received as a creditor.
 - The municipality recognised the library development grant of R335 000 as revenue in the financial statements. Hence income was overstated and the unspent conditional grant was understated by the same amount.
24. Consequently, income is understated by R904 318, expenses are understated by R376 020, accumulated surplus is understated by R428 298, receivable is understated by R863 298 and unspent conditional grants are understated by R335 000.

Expenditure

25. An unexplained difference existed between the income statement disclosures contained in the annual financial statements and the trial balance submitted for audit purposes:

Expenditure item	Trial balance (R)	Financial statements (R)	Difference (R)
Employee cost (note 15)	13 868 049.62	14 392 150.00	(524 100.38)
General expenditure (note 20.5)	3 955 851.78	5 349 683.00	(1 393 831.22)
Grants and subsidies paid (note 18)	6 145 629.05	3 846 570.00	2 299 059.05
Remuneration of councillors (note 16)	1 232 801.73	1 181 584.00	51 217.73
TOTAL	25 202 332.18	24 769 987.00	432 345.18

26. The available records did not permit the application of alternative means to verify the accuracy, completeness and disclosure of transactions.

Provisions

27. The municipality provides post-retirement medical benefits by subsidising certain retired staff according to the rules of the medical aid funds. The municipality accrued R19 520, as disclosed in note 4 to the financial statement, for the expected costs of these benefits, which is not in accordance with the South African Statement of Generally Accepted Accounting Practice, IAS 19 *Employee Benefits*. In terms of IAS 19, all post-employment benefit plans are defined benefit plans and these plans may be funded, partially funded or unfunded. The municipality must account for the obligation using the Projected Credit Method to measure its obligations and costs. In the absence of an actuarial valuation, I could not confirm the obligations, current service costs, interest costs and the accumulated actuarial gains/losses.

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28. No disclosure was made for long-term service bonuses as required by IAS 19. I was unable to determine the understatement of the obligation due to the lack of sufficient appropriate supporting documentation.
29. The valuation of the leave provision as disclosed in note 4 of R693 968 (2008: R629 839) conducted by the municipality at year-end was incorrect and understated as the provision is calculated on the employee's basic salary instead of cost to the company.
30. The entity's records did not permit the application of alternative procedures.

Cash flow statement

31. GRAP 2 prescribes the classification and understandability of the cash flow statement. The cash flow statement was misstated as the increase in the accounts receivable of R521 750 was wrongly considered as a decrease in accounts receivable. The amount disclosed as cash generating from operating activities was therefore understated by R1 043 499. The cash flow statement also disclose an amount of R1 004 279 as decrease in non current investments. The current financial statement does not contain any figure for non current investments in current year as well as in the comparative. Net cash from investment activities was therefore overstated by R1 004 279.

Disclosures

32. The municipality did not disclose the financial risk management relating to financial instruments and the classification of financial assets and financial liabilities as required by *IFRS 7 Financial Instruments Disclosures*. These additional disclosures of financial instruments must be made in the notes to the financial statements.
33. The necessary disclosure of change in accounting policy relating to initial implementation of Statements of Generally Recognised Accounting Practice (Statements of GRAP) that has an effect on the current period or any prior period, was not in accordance with paragraph 3.28 of GRAP 3: Accounting Policies, *Changes in Accounting Estimates and Errors*. The disclosure requirements include the statement on change in accounting policy in accordance with its transitional provisions, the nature of change in accounting policy, details of transitional provisions, the amount of adjustments for each financial statement for the current period and each prior period presented, and the effect thereof on future periods.

Irregular, fruitless and wasteful expenditure

34. The municipality did not comply with Supply Chain Regulation 43, as tax clearance certificates were not obtained from suppliers for the procurement of goods and services amounting to R1 099 720. The completeness of this amount could not be confirmed in the absence of a system to identify and disclose all irregular expenditure incurred.
35. Three quotations were not obtained for transactions amounting R474 417, which resulted in non-compliance of the supply chain management regulations, 2005 (Regulations 12, 16 and 17). The completeness of this amount could not be confirmed in the absence of a system to identify and disclose all irregular expenditure incurred.
36. The municipality did not comply with Supply Chain Regulation 44, since transactions amounting to R100 502 were entered into with employees of the municipality. The resultant irregular expenditure was not disclosed in the financial statements.

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37. Employee cost amounting to R33 742 was incurred in contravention of chapter 1, part VII, C2 and D of the Public Service Regulations which should have been regarded as irregular expenditure and disclosed as such in the financial statements, as required by section 125 (2) (d) (i) of the MFMA. The municipality filled a position without following a recruitment process, as required by chapter 1, part VII, C2 and D of the Public Service Regulations.
38. Fruitless and wasteful expenditure amounting to R158 325 was incurred because the municipality paid salaries to officials from whom no services were received.
39. Instances were noted where creditors levied interest amounting R8 382 on late payments. The amount of R22 845, which the municipality identified as interest paid, was disclosed under note 30.2 to the financial statements. The completeness of this amount could not be confirmed in the absence of a system to identify and disclose all fruitless and wasteful expenditure incurred.
40. Instances were noted whereby the Skills Development Levy and Vat returns were not submitted by the due date as required by legislation. As a result, penalties and interest amounting to R10 971 were incurred. The municipality has disclosed an amount of R22 099 under note 30.2 to the financial statements, the supporting documents for the same was not provided for audit purpose.
41. The municipality incurred fruitless and wasteful expenditure amounting to R30 846 as a result of salary payments made to an employee after dismissal. The municipality has disclosed an amount of R14 682 under note 30.2 to the financial statements, no adequate supporting documents were made available for audit purposes..
42. The accounting officer did not accurately report on the above fruitless and wasteful expenditure as required by section 32(4) of MFMA.

Unauthorised expenditure

43. I have compared the budgeted expenditure with the actual expenditure per the financial statements and found that various votes have been over-expensed. I was unable to obtain any supporting evidence that such over expenditure had been approved and authorised by means of an adjustment budget or by submission for authorisation to Council. This resulted in unauthorised expenditure amounting to R4 605 543 being incurred by the municipality. These amounts constitute unauthorised expenditure as defined in section 1 of the MFMA. The municipality has disclosed an amount of R2 902 494, note 30.1 to the financial statements; however, the calculation thereof was not obtained.

Opinion

44. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of Siyathemba Municipality. Accordingly, I do not express an opinion on the financial statements.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Material inconsistencies in other information included in the annual report

45. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

46. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1: *Presentation of Financial Statements*. The supplementary budget information set out in appendix E(1) does not form part of the financial statements and is presented as additional information. Accordingly, I do not express an opinion thereon.

Non-compliance with applicable legislation

Municipal Management Finance Act, 2003 (Act No. 56 of 2003)

47. The municipality did not settle invoices amounting R187 787 within 30 days as required by section 65 (2) (e) of the MFMA.
48. The accounting officer did not submit a report within 30 days after the end of each quarter informing the Auditor-General of the withdrawals for that quarter. This was in contravention of section 11(4) of the MFMA.
49. Reasons for the deviation from the tender procedures were not submitted to National Treasury as required by section 114 of the MFMA.
50. The mayor did not submit a report to the council on the implementation of the budget and the financial state of affairs at the municipality within the prescribed period, as required by section 52(d) of MFMA.
51. The municipality did not adopt the oversight report as required by section 132(1) of the MFMA and as a result it was not submitted to the provincial legislature.
52. The municipality did not update its website with the required information by section 75 of the MFMA.
53. The municipality did not take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and that such funds are not used for purpose of the municipality as required by section 64(4) of the MFMA.
54. The accounting officer of a municipality did not comply with the requirements of Section 64(4) of the MFMA in relation to the management of the revenue of the municipality.

Municipal Supply Chain Management Regulations, 2005 (Notice 868 of 2005)

55. During the audit of the supply chain management policy, the following cases of non-compliance were identified:
- No documentation was available for the declarations of conflict of interest for tenders, as required by Supply Chain Management Policy Regulation 21(c).
 - No evidence was obtained to confirm the existence and functioning of the bid specification committee (Regulations 26, 27).
 - The accounting officer had not submitted to the council and mayor, within the prescribed time after the end of the financial year, a report on the implementation of the municipality's SCM policy (Regulation 6).
 - The official supplier listing of accredited prospective providers of goods and services was not maintained by the municipal manager (Regulation 14).

Governance framework

56. The governance principles that impact the auditor's opinion on the financial statements relate to the responsibilities and practices of the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

57. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
5- 8	Basis of accounting	5,6	1,2,5	1,3,5,6	2	1,3
9 - 12	Property, plant and equipment	5,6	1,2,5	1,3,5,6	2	1,3
13	Vat	5,6	1,2,5	1,3,5,6	2	1,3
14 - 16	Receivables	5,6	1,2,5	1,3,5,6	2	1,3
17	Investment property	5,6	1,2,5	1,3,5,6	2	1,3
18	Payables	5,6	1,2,5	1,3,5,6	2	1,3
19 - 21	Conditional grants	5,6	1,2,5	1,3,5,6	2	1,3
22 - 24	Revenue	5,6	1,2,5	1,3,5,6	2	1,3
25 - 26	Expenditure	5,6	1,2,5	1,3,5,6	2	1,3
27 - 30	Provisions	5,6	1,2,5	1,3,5,6	2	1,3
31	Cash flow statement	5,6	1,2,5	1,3,5,6	2	1,3
32 - 33	Disclosure	5,6	1,2,5	1,3,5,6	2	1,3
34 - 42	Irregular, fruitless and wasteful expenditure	5,6	1,2,5	1,3,5,6	2	1,3
43	Unauthorised expenditure	5,6	1,2,5	1,3,5,6	2	1,3

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1

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The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which in turn are not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

58. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	X	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.	X	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	X	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		

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No.	Matter	Y	N
	<ul style="list-style-type: none">The municipality had an audit committee in operation throughout the financial year.	X	
	<ul style="list-style-type: none">The audit committee operates in accordance with approved, written terms of reference.	X	
	<ul style="list-style-type: none">The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
7.	Internal audit Internal audit is a shared service between the municipality and the district. Comments in this section are awaited from the district auditors, who, in turn, await comments from the district municipality – Pixley Ka Seme.		
	<ul style="list-style-type: none">The municipality had an internal audit function in operation throughout the financial year.	X	
	<ul style="list-style-type: none">The internal audit function operates in terms of an approved internal audit plan.	X	
	<ul style="list-style-type: none">The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		X
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.	X	
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	X	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		X
14.	SCOPA resolutions have been substantially implemented.	N/A	
Issues relating to reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring performance in relation to the budget and delivery by the Siyathemba Municipality against its mandate, predetermined objectives, outputs, indicators and targets as per section 68 of the MFMA.	X	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

Clear trail of supporting documentation and quality of financial statements

Deficiencies in records management led to significant difficulties during the audit concerning delays. The accounting officer is responsible to keep proper records of the

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59. financial affairs of the municipality. Leadership should monitor transactions and events on an ongoing basis to ensure proper recognition and disclosure in the financial statements and that adequate supporting documentation exist and are properly filed.
60. The financial statements compiled were not supported by proper and complete sufficient appropriate supporting documentation to facilitate the audit process. The submitted financial statements were also not reviewed against the GRAP guidelines to ensure compliance with the disclosure requirements. The accounting officer should ensure that a proper review is performed on the financial statements and that supporting documentation and an accounting file exists to support the financial statements.
61. In the absence of appropriate GRAP training to the Municipality officers, the management had appointed external consultants to compile the financial statements and to assist with the completion of a GRAP compliant assets register. However, these actions have not had a positive impact, as is evident from audit findings reported in the current year relating to the presentation and disclosure of the financial statements and the completeness and accuracy of the assets register.

Internal audit and audit committee

62. The municipality has internal audit and audit committee functions performed during the year. The Internal audit and audit committee functions are imperative to ensure the proper implementation and monitoring of internal control.

Risk management, internal controls and governance

63. Inadequate accounting and internal control policies existed at the municipality resulting in various cases of non- compliance to legislation and accounting guidelines.
64. Management should develop and implement an adequate fraud prevention plan. This needs to be communicated to all staff within the municipality to ensure adherence thereof.

Follow up of prior year audit findings

65. The implementation of audit recommendations requires improved monitoring and supervision by management. Action plans compiled to address audit outcomes should be reviewed, approved and monitored by council supported by the accounting officer.

Reporting on performance information

66. There is no performance information system in place at the municipality. The IDP also is inadequate as the key performance indicators for the current year are not updated. Detailed standard operating procedures setting out the roles and responsibilities of all levels of staff involved in the collection and collation of performance information, from source document to reporting, has not been prepared and communicated throughout the entire municipality. This is indicative of a situation where adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information and adequate mechanisms were not established to monitor and review the performance management system.

Investigations

67. The Special Investigations Unit is currently investigating the possible occurrence of fraud at the traffic department. The investigation was still ongoing at the reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

68. I was engaged to review the performance information.

The accounting officer's responsibility for the performance information

69. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include its annual performance report, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

70. I conducted my engagement in accordance with section 13 of the PAA, read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

71. In terms of the foregoing my engagement included performing procedures to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

72. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Findings on performance information

Non-compliance with regulatory requirements-

No reporting of performance information

73. The annual report of the Siyathemba did not include its annual performance report, prepared by the municipality in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA. As a consequence the consistency and reliability of performance information could not be tested and confirmed.

Content of integrated development plan

74. Siyathemba's integrated development plan did not include the key performance indicators and performance targets of the current year, determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and Regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Existence and functioning of a performance audit committee

75. Siyathemba did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by Regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Lack of adoption of a performance management system

76. Siyathemba did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement would be conducted, organised and managed, including determining the roles of the different role players, as required in terms of Regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

No mid-year budget and performance assessments

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77. The accounting officer of Siyathemba did not (by 25 January of each year) assess the performance of the municipality during the first half of the financial year, taking into account its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

APPRECIATION

78. The assistance rendered by the staff of the Siyathemba Municipality during the audit is sincerely appreciated.

Auditor-General

Kimberley
30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA